

EMPLOYEES' RETIREMENT SYSTEM OF THE COUNTY OF MILWAUKEE

MINUTES OF THE NOVEMBER 14, 2007 PENSION BOARD MEETING

1. Call to Order

Chairman Dean Roepke called the meeting to order at 8:30 a.m. in the Green Room of the Marcus Center, 127 East State Street, Milwaukee, Wisconsin 53202.

2. Roll Call

Members Present:

Linda Bedford
Donald Cohen
Marilyn Mayr
John Parish
Dr. Sarah Peck
Dr. Dean Roepke (Chairman)
Thomas Weber (Vice Chairman)

Others Present:

David Arena, Director of Employee Benefits, Department of Administrative Services
Mark Grady, Principal Assistant Corporation Counsel
Jerry Heer, Director of Department of Audits
Gordon Mueller, ERS Fiscal Officer
Annette Olson, ERS Benefits Coordinator
Donald Campbell, ERS Project Manager
Tony Maze, ERS Benefits Operations Manager
John Holland, ERS Business Analyst
Bess Frank, Ad Hoc Oversight Committee
Steve Cady, Ad Hoc Oversight Committee
Rob Henken, Ad Hoc Oversight Committee
Steven Huff, Reinhart Boerner Van Deuren s.c.
Leigh Riley, Foley & Lardner LLP
Chris Trebatoski, Weiss Berzowski Brady LLP
Ken McNeil, Susman Godfrey L.L.P.
Theodore Chung, Perkins Coie
Patrick Collins, Perkins Coie
Terry Dennison, Mercer Investment Consulting
Patrick Silvestri, Mercer Investment Consulting
Robert McManama, Loomis Sayles & Company, L.P.
David Umhoefer, *Milwaukee Journal Sentinel* Reporter
Stephanie Chedid, MBO Cleary Advisors, Inc.

Florence Ignarski, Retiree
Esther Hussey, Retiree
Michael Howden, Retiree
Virginia Schumann, Retiree
Nancy Beck-Metz, Retiree
Louis Metz, Retiree
Yvonne Mahoney, Retiree

3. Pending Litigation

The Vice-Chairman moved that the Pension Board adjourn into closed session for the purpose of receiving oral or written advice from legal counsel concerning strategy to be adopted with respect to pending or possible litigation and for considering the financial, medical, social or personal histories or disciplinary data of specific persons which, if discussed in public, would be likely to have a substantial adverse effect upon the reputation of any person referred to in such histories or data.

The Board voted 5-1 by roll call vote, with Ms. Mayr dissenting, and Dr. Roepke, Ms. Bedford, Mr. Cohen, Mr. Parish and Mr. Weber voting in favor, to enter into closed session to discuss items 3, 4 and 5. Motion by Mr. Weber, seconded by Mr. Cohen.

Dr. Peck arrived at the meeting.

The Board discussed the following pending litigation in closed session:

- (a) Milwaukee County, et al. v. Mercer Human Resource Consulting
- (b) Hanson v. ERS
- (c) FNHP v. County and ERS – WERC Complaint

4. Report of the Ad Hoc Oversight Committee

The Board discussed the report of the Ad Hoc Oversight Committee in closed session.

5. Report on Compliance Review

The Board discussed the report on compliance review in closed session.

Ken McNeil, Patrick Collins, Theodore Chung, Steve Cady and Rob Henken were excused from the meeting either during or after closed session.

6. Chairman's Report

The Chairman reported that recognition of Mr. Ostermeyer's contributions to the Pension Board will be postponed until the next Pension Board meeting.

7. Minutes of the October 17, 2007 Meeting

Ms. Mayr asked for a written legal opinion from Corporation Counsel regarding the County Board's authority over the Pension Board. Mr. Grady stated that the County Board has the power to change the authority of the Pension Board as long as the change does not impair the vested benefits and rights of members. In response to the Chairman's request, Mr. Grady indicated that Corporation Counsel will provide the Pension Board with its written opinion on the County Board's authority over the Pension Board.

The Pension Board reviewed and unanimously approved the minutes of the October 17, 2007 Pension Board meeting. Motion by Ms. Bedford, seconded by Mr. Cohen.

Ms. Mayr requested copies of the minutes of the last Ad Hoc Committee meeting and all of the Ad Hoc Oversight Committee meetings. The Chairman seconded Ms. Mayr's request. Mr. Grady stated that he will seek the requested minutes.

8. Report of Retirement System Manager

(a) Retirements Granted

Mr. Mueller presented the Retirements Granted report for the prior month's retirements. He stated that Kathleen Malone had received the largest back DROP that month in the amount of approximately \$547,000 and that the Code section 415 limits had been verified for the benefit payments. In response to a question from the Chairman, Mr. Grady stated that the Retirements Granted report serves only as an informational report. He noted that this is consistent with Rule 1040 – Approval of Retirements, which the Pension Board adopted at its last meeting.

(b) Cash Flow – Liquidity Report

Mr. Mueller presented the cash flow liquidity report. He reported that ERS needs \$10 million for benefit payments for November and December 2007 and that Mercer will recommend the source of these funds. He stated that he will present the 2008 cash flow projections at the next Pension Board meeting. He estimated that ERS will also need \$10 million for January 2008 benefit payments, but should not need to request funds for benefit payments for several months after that.

(c) Jackie Wigley – Amended Income Reports

Mr. Grady reported that Mr. Wigley had amended his tax returns to separate his and his wife's income, which reduced his income to a level where he was not subject to a reduction in his disability benefits.

(d) 2008 ERS Budget – Announcement

Mr. Mueller indicated that the 2008 ERS budget is currently being finalized.

9. Investments

(a) Mercer Report

Mr. Dennison presented Mercer's third quarter Performance Evaluation report to the Pension Board. He stated that the economy is between five and six years into its recovery from a shallow economic recession. He described the current subprime mortgage problems and detailed how they pose some risk to the overall economic structure. He noted that the Federal Reserve has fewer tools available than usual due to the current economic conditions. He concluded that this will be an interesting and challenging time for the economy.

Mr. Dennison indicated that it has been 2-1/2 years since ERS's last asset allocation study. He stated that it is a pension fund best practice to regularly perform a strategic asset allocation review. He suggested that the Pension Board should conduct an asset allocation study relatively soon because it could lead to a modest change in the portfolio. He discussed Mercer's philosophy on risk and noted that taking excessive risk is not the best way to achieve long-term results. Ms. Bedford stated that the Board will need to reevaluate the risk it needs to take to earn sufficient returns. In response to Dr. Peck's question, Mr. Dennison provided a comparison of the ERS portfolio's investment performance to the median for similarly-sized public pension funds in U.S. and non-U.S. equities, U.S. and non-U.S. fixed income, real estate, commodities and other alternatives. Mr. Dennison, responding to questions and comments from Ms. Bedford, discussed in more detail the subprime lending situation and its impact on the economy. The Chairman asked Mr. Dennison to discuss the Third Quarter Performance Evaluation report in more detail at the next Investment Committee meeting.

Mr. Dennison presented Mercer's Flash Report for October 2007. He stated that ERS had a market value of just under \$1.68 billion at the end of

October and that ERS's aggregate market value increased by 2.3% during October, which beat the reference index by 20 basis points. He recommended that the \$10 million needed for November benefit payments should come from GMO, the international equity segment of the ERS portfolio. He also concurred with the Investment Committee's recommendation to terminate Hotchkis & Wiley as ERS's mid cap value equity investment manager. He indicated that Capital Guardian's international equity assets were transitioned to Baring Asset Management at the end of October.

Mr. Dennison next reviewed the performance of each investment manager and compared their returns to their benchmarks. He noted that most of the investment managers either exceeded or met their benchmarks during October. He indicated that Hotchkis & Wiley was the only investment manager to have a negative return in October. He pointed out that Artisan Partners continued to outperform its benchmark. He stated that the index managers are tracking their indices perfectly, as anticipated, and that Reinhart Partners and EARNEST Partners are performing well. He also detailed how Adams Street Partners is performing strongly in the alternative asset category.

In response to a question, Mr. Dennison stated that China has helped keep U.S. inflation in check with its low prices for products, including call centers, but he noted that Chinese products are of poor quality. He discussed how China was purchasing billions of dollars of U.S. debt and that if China stopped purchasing U.S. debt, interest rates would rise sharply. In response to a question from Ms. Bedford, Mr. Dennison stated that Mercer will schedule the investment manager presentations for 2008.

Mr. Dennison was excused from the meeting.

(b) Investment Manager Report – Loomis Sayles & Company, L.P.

Mr. McManama distributed a report on Loomis Sayles and Company L.P.'s ("Loomis Sayles") management of ERS's core fixed income and high yield fixed income strategies and presented it to the Pension Board on behalf of Loomis Sayles. He stated that Loomis Sayles is headquartered in Boston, manages over \$122 billion in assets and has over 444 employees, including 170 investment professionals of which 92 hold CFA designations. He also provided an overview of the experience of the analysts and traders of each of Loomis Sayles' departments. Mr. McManama noted that research is the cornerstone of Loomis Sayles' business, which allows it to better choose fixed income investments. He discussed Loomis Sayles' proprietary rating system. He stated that Loomis Sayles manages money for ERS using two

strategies; high yield fixed income and core fixed income. He reviewed ERS's calendar and annualized returns for both strategies, pointing out that the one-year, three-year, five-year, and since inception numbers have all exceeded the benchmark.

Mr. McManama reviewed ERS's core fixed income investment, which is referred to in Loomis Sayles' report as Portfolio A. He described Portfolio A's benchmark and what type of investments Portfolio A may invest in. He noted that foreign currency returns have driven the overall portfolio returns. He indicated that the dollar will continue to be under pressure, so Loomis Sayles will continue to have non-U.S. currency holdings. In response to the Chairman's questions, Mr. McManama stated that the Latin American economic performance has been strong.

Mr. Weber pointed out that a very large oil discovery occurred last week in Brazil. Mr. McManama answered the Chairman's question by stating that Portfolio A has no subprime mortgage exposure. Mr. McManama reported that Portfolio A's excess attribution came from non-U.S. currency investments and convertibles, which offset the U.S. investment grade losses.

Mr. McManama next reviewed ERS's high yield fixed income investment, referred to in Loomis Sayles' report as Portfolio B. He discussed what investments are allowed in Portfolio B and described its benchmark. He detailed the reasons behind Portfolio B's performance, which included the effects of the subprime lending crisis on Portfolio B. He noted Portfolio B's specific characteristics. Mr. McManama indicated that CCC bonds are not permissible investments under Portfolio B, although CCC bonds have been high yielding. The Chairman stated that the permitted investment grades allowed in Portfolio B should be discussed at the next Investment Committee meeting.

Mr. McManama discussed the outlook for the bond market environment and the overall economic forecast. He stated that Loomis Sayles anticipates the Federal Reserve lowering interest rates by 25 basis points once more after 2007. He noted that a weak dollar helps imports and also pointed out that institutions, such as investment banks and insurance companies, holding collateralized debt obligations are having significant problems.

The Board excused Mr. McManama from the meeting.

(c) Investment Committee Report

Dr. Peck reported on the November 1, 2007 Investment Committee meeting. She stated that the Investment Committee discussed replacing

Hotchkis & Wiley as ERS's mid cap value equity manager. She indicated that the Investment Committee wants Mercer to recommend an interim replacement for Hotchkis & Wiley to the Board, while the Pension Board is waiting to find another active manager. She stated that the Pension Board can utilize index funds for some asset classes, including mid cap value equity. She noted that the Investment Committee asked Mr. Silvestri to research index fund options. Mr. Silvestri indicated that the Board could invest in Barclays Global iShares or a mutual fund option. He reported that iShares have a lower entry fee and have lower ongoing management fees. He recommended that the Pension Board terminate Hotchkis & Wiley, liquidate the Hotchkis & Wiley portfolio, and temporarily invest in Barclays Global iShares until the Pension Board finds a replacement investment manager for Hotchkis & Wiley.

The Pension Board unanimously agreed to accept Mercer's recommendation to terminate Hotchkis & Wiley as ERS's mid cap value equity investment manager, liquidate the Hotchkis & Wiley portfolio and invest that money in Barclays Global iShares until a replacement manager is found. Motion by Ms. Mayr, seconded by Ms. Bedford.

Mr. Silvestri stated that Mercer had prepared a recommendation on the source of the additional funds to be managed by Reinhart Partners based on the request to have Reinhart Partners manage more of ERS's assets because of Reinhart Partners' strong performance. He recommended that the \$10 million the Pension Board plans to transfer to Reinhart Partners should be transferred from the ERS portfolio's midcap equity segment to keep the ERS portfolio in line with its investment policy. He suggested it consist of \$5 million from both Artisan Partners and EARNEST Partners.

The Pension Board unanimously agreed to transfer \$5 million each from EARNEST Partners and Artisan Partners to Reinhart Partners. Motion by Ms. Bedford, seconded by Dr. Peck.

Mr. Grady was excused from the meeting

10. Implementation of New Technology Software

Mr. Campbell distributed and presented the V3 status report to the Pension Board. The Chairman requested that Mr. Campbell distribute his written report in advance of the meeting. Mr. Campbell reported that the overall V3 project is on track with the revised schedule and that the detailed specification review is 73.4% complete. He indicated that there were immediate tangible results with the addition of the business analyst and

presented a graph detailing the improved workload. He noted that the project has stalled because the V3 implementation is ahead of schedule and they are waiting for Vitech to catch up. He detailed the progress of the data conversion process. He stated that Vitech is currently running multiple cycles of tests by module on the data conversion. He pointed out that Vitech has completed 27% of the first of two tests on the functionality of the V3 system and that Vitech anticipates completing both tests by May 2008. He reported that the test scripts were not running correctly and that testing will be continued until the test scripts are running correctly. He reviewed the data cleansing process, noting that they were finishing the specification documents. He reported on the Vitech contract addendum. He indicated that Vitech needs to approve the revisions to finalize the contract. He stated that Pension Board meeting minutes could be imaged from 1937 through current in a searchable and printable PDF format at a cost of \$9,000.

Mr. Campbell introduced John Holland, the new business analyst, and explained how he is focused on the business aspects of the V3 implementation process. Mr. Campbell discussed the findings of the V3 self-audit. He indicated that Mr. Holland focuses on specification reviews, workflows and business rules. Mr. Campbell noted that Mr. Holland identified 50 processes and 17 documents that Vitech missed. Ms. Olson further explained the functions that Mr. Holland performs in his role as business analyst. The Chairman asked whether the Vitech project is on track and whether it is better staffed than identified at the September Pension Board meeting. Ms. Olson indicated that the staffing situation has improved since September and the implementation process is progressing well. Mr. Arena answered the Chairman's question by saying that the staffing issue is headed in the right direction and that Mr. Holland has been a great help. Mr. Arena agreed with Mr. Campbell and Ms. Olson's positive reports on the status of the Vitech project implementation. In response to a question from the Chairman, Mr. Arena stated that IMSD budgeted money to allow interface between the Ceridian and Vitech systems.

Mr. Campbell proposed extending the business analyst contract with SysLogic on a full-time basis through May 2008 and on a part-time basis from June through December 2008. The Chairman and Ms. Mayr asked if an RFP is required for extending the business analyst role. Ms. Mayr stated that Mr. Campbell should put his proposal in writing. The Chairman indicated that Mr. Campbell should direct his request to Mr. Heer and come back to the Pension Board once he receives written approval.

Mr. Heer returned to the meeting.

The Chairman asked Mr. Heer if an RFP is required to extend the SysLogic business analyst contract. Mr. Heer recommended following the County Board approval process if the extension is for greater than \$50,000 and there is justification for a sole source contract. The Pension Board asked the staff to follow the proper RFP procedures.

Mr. Campbell discussed having an audit conducted by Virchow Krause on the Vitech project. Mr. Campbell stated that he needs four weeks and up to a \$20,000 authorization for a data specialist. Mr. Arena noted that they are leveraging off of and gaining experience from the Ceridian process as it relates to the Vitech implementation process, which will result in future cost savings.

The Pension Board unanimously approved the retention of the business analyst on a full-time basis through May 2008 and a part-time basis from June until December 2008 so long as the proper RFP process required under County Ordinances applicable to ERS is followed, the PDF imaging of Pension Board meeting minutes back to 1937 at a cost of \$9,000, and up to a \$20,000 expenditure for a data specialist. Motion by Mr. Weber, seconded by Dr. Peck

11. Vitech Implementation Oversight Committee Report

Mr. Parish stated that the Vitech Implementation Oversight Committee had nothing more to report on because Mr. Campbell presented the same material presented at the Vitech Implementation Oversight Committee meeting earlier in this meeting.

12. Report of the Task Force on Pension Funding

Mr. Cohen reported that the Task Force on Pension Funding has not met since the last Pension Board meeting. In response to Ms. Mayr's question, Mr. Cohen stated that he will provide Ms. Mayr with the next Task Force meeting date.

13. Audit Committee Report

Mr. Parish reported on the October 25, 2007 meeting of the Audit Committee. Chairman Roepke asked the staff to revise the October 25, 2007 Audit Committee meeting minutes to reflect that Ms. Mayr was in attendance. Mr. Parish noted that Mr. Morgan from Virchow Krause discussed the audit letter and indicated that new auditing standards take effect next year which will require more work on the ERS audit and improved internal controls. Mr. Weber indicated that Mr. Morgan's list of concerns should be added to the wish list of processes that should be

improved. Mr. Weber noted that he had shared Mr. Arena's staffing changes with Mr. Morgan, which alleviated some of Virchow Krause's concerns.

Mr. Parish stated that the Audit Committee had discussed at its meeting the progress of the benefits handbook project. He also noted that a new draft of the RFP for investment custodian services would be ready for the next Audit Committee meeting and that the RFP would be ready to send out in January 2008. He discussed the use of an RFP review panel. The Chairman stated that U.S. Bank and other names should be added to the RFP list.

14. Repeal of Rule 1005 – Location of Office

Mr. Huff discussed the rationale behind repealing Rule 1005-Location of Office.

The Pension Board unanimously repealed Rule 1005, which describes an erroneous location of the Retirement Office. Motion by Ms. Mayr, seconded by Mr. Parish.

15. Retired Member Election

(a) Report on the Retiree Election

Mr. Arena reported on the status of the retiree Pension Board member election and indicated that Ms. Mayr won the election. Ms. Mayr indicated that certification of election results must be given to the Pension Board Chairman to finalize the election.

(b) Vacant Employee/Trustee 2008 Election Schedule

Mr. Huff discussed the member seats that will be up for election in the winter of 2008 and indicated that the remaining term for Mr. Martin's position is a one-year term, while Mr. Parish's seat is for a three-year term. Mr. Arena recommended that the election for both seats be held in February 2008. He noted that the elections need to be properly staffed and that he will ask for REMCO volunteers. Mr. Huff stated that Mr. Grady suggested that one election be held and that the runner-up be awarded the one-year term. The Chairman explained that a candidate must declare either for the three-or one-year seat, but not both. In response to Ms. Bedford's question regarding the financial literacy standard for Pension Board appointed members, Ms. Mayr replied that there is no such requirement for elected members.

The Pension Board unanimously agreed to hold a double election, no later than February, for the one- and three-year terms and that the candidates must announce their intentions of pursuing either the one-

or three-year term Pension Board member position at the time their nomination papers are submitted. Motion by Ms. Mayr, seconded by Mr. Weber.

16. Amendment of Rule 1034 – Retiree Election

Mr. Huff described the proposed changes to Rule 1034 – Retiree Election. He indicated that under the proposed Rule change, a retiree member could be elected if they receive more than 50% of the votes cast at the primary election. He also noted that sections of Rule 1034 were renumbered for readability purposes. Ms. Mayr explained the rationale for amending Rule 1034, including the fact that many retirees do not want to vote twice. A retiree suggested raising the voting threshold for avoiding a runoff election from 50% to 55%.

The Pension Board unanimously adopted the proposed changes to Rule 1034, with a change to the voting threshold raising it from 50% to 55%, attached to these minutes as Exhibit 1. Motion by Ms. Mayr, seconded by Mr. Cohen.

17. Disability Application – Sherry Ransom

The Pension Board reviewed the documents relating to Ms. Ransom's application and the recommendation of the Medical Board with respect to Ms. Ransom's disability application.

The Pension Board unanimously denied Ms. Ransom's disability application for an ordinary disability pension, based on the recommendation of the Medical Board. Motion by Mr. Cohen, seconded by Ms. Mayr.

18. Continuing Education/Board Retreats/Training and Professional Organizations

The Chairman discussed Morgan Stanley's Infrastructure Investment seminar taking place in Chicago on December 11, 2007.

The Pension Board unanimously approved the attendance of any Board member at Morgan Stanley's Infrastructure Investment seminar. Motion by Mr. Cohen, seconded by Mr. Parish.

19. Adjournment

The meeting adjourned at 1:05 p.m.

Submitted by Steven D. Huff,
Assistant Secretary to the Pension Board

Adopted November 14, 2007
Effective November 14, 2007

AMENDMENT TO THE RULES OF
THE PENSION BOARD OF THE EMPLOYEES'
RETIREMENT SYSTEM OF THE
COUNTY OF MILWAUKEE

SECTION 1. Pursuant to section 201.24(8.6) of the General Ordinances of Milwaukee County, the Pension Board of the Employees' Retirement System of the County of Milwaukee rennumbers the sections of Rule 1034 and amends sections (5) and (7)(a) of Rule 1034 to read as follows:

1034. Election of Retiree Member of Board.

Section 201.24(8.2) of the General Ordinances of Milwaukee County provides for various changes to the composition of the Pension Board of the Employees' Retirement System of the County of Milwaukee (the "Pension Board"). Following these changes, the Pension Board will include a retiree representative as one of its members.

The following procedures shall apply when conducting the election of the retiree member of the Pension Board. The Pension Board shall have the discretion to interpret and amend these procedures in any manner that is consistent with Ordinance section 201.24(8.2).

1. *Candidate Qualification.* To be a candidate for the retiree member of the Pension Board, an individual must be a retiree of ERS. A "retiree" is a person who:

- (a) previously worked as a Milwaukee County employee;
 - (b) earned retirement benefits as an active member in ERS;
 - (c) retired directly from County employment or as a deferred vested retiree;
 - (d) as of the date of the nomination deadline, has begun to receive pension benefits; and
 - (e) is currently receiving an ongoing monthly benefit from ERS.
- For these purposes, a "retiree" does not include a beneficiary of a former County employee who receives a survivor annuity benefit after the former County employee's death.

2. *Election Process Timeline.* The initial term for the elected retiree member shall begin as of November 1, 2004. Subsequent regular terms shall

begin as of November 1 of an applicable year. Special election timelines and different term effective dates shall apply in the event of a vacancy in this position as provided in section (9) of this Rule. In years during which a regular election of the retiree member would occur, the following timeline shall apply, provided that, if the date of any deadline falls on a weekend or holiday, the deadline shall be extended until 5 p.m. of the next business day.

(a) *Notice of Election and Ability to Seek Nomination.* The Retirement Office shall send this Notice to retirees with monthly checks and automatic deposit notices by May 31 for a renewal term or the end of the month it is first feasible to do so for a special election.

(b) *Nomination Deadline.* Complete nomination papers must be received in the Retirement Office by 5 p.m. on the last day of the following month.

(c) *Notice of Candidates for Primary Election and Date of Primary Election.* The Retirement Office shall send resumes and statements of candidates for the primary election and the ballot for the primary election, if necessary, to retirees with monthly checks and automatic deposit notices by the end of the following month. If only two candidates file valid nomination papers, the ballot for the final election shall be sent.

(d) *Primary Election Date.* If necessary, a primary election shall be held. Ballots must be received in the Retirement Office by 5 p.m. on the last day of the following month. If only two candidates file valid nomination papers, this shall be the deadline for the final election.

(e) *Notice of Candidates for Final Election and Date of Final Election.* The Retirement Office shall send results of the primary election, resumes of candidates for the final election, if necessary, and the ballot for the final election to retirees with monthly checks and automatic deposit notices by the end of the following month.

(f) *Final Election.* If necessary, the final election shall be held. Ballots must be received in the Retirement Office by 5 p.m. on the last day of the following month.

(g) *Commencement of Service.* Service begins on the first day of the following month, with the expectation that the retiree member would be available to attend the regularly scheduled Pension Board meeting for that month.

3. *Nomination of Candidates.* To begin the nomination process, an eligible individual must register as a candidate, prove eligibility for candidacy to the Retirement Office and request nomination papers from the Retirement Office.

(a) *Nomination Requirements.* To earn a nomination and be placed on the ballot for the retiree member election, an eligible individual must obtain 15 signatures. An eligible individual's representative may circulate the nomination papers and collect signatures on behalf of the eligible individual. The potential candidate or representative must obtain the requisite number of signatures from other retirees eligible to run for Pension Board membership. Upon receiving the required number of signatures for nomination, the candidate or representative shall sign and date the nomination papers, have them notarized and return the nomination papers to the Retirement Office. The individual shall also present, along with the nomination papers, a resume and statement, limited to 75 words, detailing the candidate's qualifications for the position at that time.

(b) *Nomination Papers.* The nomination papers should be designed by the Retirement Office, and the Pension Board shall approve the nomination papers and any changes to the nomination papers. These papers shall require the signatory to include, at a minimum, his or her retirement location and years of County service.

4. *Campaigning.* In the time period between the nomination deadline and either of the applicable election dates, a candidate may campaign for the position of retiree Pension Board member. Mailing labels will not be available for candidates to send mailings to eligible voters. Mailing of candidates' resumes and statements will be made by the Retirement Office as part of the mailing of monthly benefit checks or monthly automatic deposit notices according to the timeline described in sections (2)(c) and (e) above, as applicable. Candidates must comply with any applicable campaign laws. Candidates should seek counsel regarding these requirements prior to beginning their campaigns.

5. *Election Format.* If only two candidates file approved nomination papers, no primary election will be held. Instead, a final election will be held according to the timeline described in sections (2)(c) and (d) above and will determine the retiree member representative on the Pension Board. If more than two candidates file approved nomination papers, a primary election will be held according to the timeline described in sections (2)(c) and (d) above. Following the primary election, the two candidates receiving the highest number of votes in the primary election shall have their names placed on the ballot for the final election. However, if one candidate receives more than 55% of the votes cast in the primary election, there will be no final election. If necessary, the final election shall be held according to the timeline described in sections (2)(e) and (f) above. Positions on the ballot for the primary election and the final election will be determined by random drawing. The drawing will be conducted by the Secretary of the Pension Board and will take place in the Retirement Office before one or more witnesses.

Attendance of the candidates at the ballot position drawing is optional with the candidates.

6. *Voting.* All primary and final elections shall be conducted by mail. The Retirement Office shall send notice of the election or primary election, if any, and a ballot for that election to all eligible voters according to the timeline described in section (2)(c) above. If necessary, the Retirement Office shall send notice of the final election and a ballot for that election to all eligible voters according to the timeline described in section (2)(e) above. These mailings shall include a preaddressed return envelope, postage not included. Additional ballots and information will be available at the Retirement Office in the event ballots are lost or misdelivered. Write-in votes are not allowed in either the primary or general election and will not be accepted.

7. *Election Results.*

(a) *Determination of Outcome.* In the case of a primary election, the two candidates receiving the highest number of votes will progress to the final election. However, if one of the candidates receives more than 55% of the votes cast in the primary election, that candidate shall be declared the retiree member of the Pension board. In the event that no candidate receives more than 55% of the votes cast in the primary election, the candidate receiving the highest number of votes in the final election shall be the winner of that election. In the result of a tie in either the primary or general election, the Retirement Office shall break the tie in accordance with Wisconsin Statutes section 5.01(4).

(b) *Certification and Announcement of Results.* As soon as possible after completion of both the primary election and the final election, the Retirement Office shall certify the election results to the Pension Board Chairperson. The Retirement Office will then announce to the public the election results, including the number of votes received by each candidate.

8. *Administration of Election.* The Retirement Office shall oversee and administer the election process. As a result, the Retirement Office shall take the following actions:

(a) Compliance with the applicable election laws as determined by Corporation Counsel.

(b) Compliance with applicable election policies of the Pension Board.

(c) Acceptance and confirmation of validity of nomination papers.

(d) Tabulation of votes. In the result of a tie, the Retirement Office shall break the tie in accordance with Wisconsin Statutes section 5.01(4).

(e) Announcement of election results.

(f) Handling complaints or disputes with the election process.

The Retirement Office shall take all other actions necessary and within its power to administer this election. The Retirement Office may assign responsibility for various actions to various other parties.

9. *Special Election.* In the event a vacancy exists in the retiree member position, the Retirement Office shall conduct a special election. A special election may be necessary to elect the retiree member in the event of the resignation, removal or death of a sitting retiree member. If a special election becomes necessary, the Retirement Office shall follow the same election procedures to conduct the special election as are used to elect the retiree member during the regular election. To maintain the same three-year term length and two consecutive term limit, the Pension Board may need to modify the retiree member's date of termination and the successor member's beginning date. The Pension Board shall establish alternative timelines appropriate for conducting the special election in a timely manner. These timelines shall be based upon the timeline used for a regular election. For a special election, the deadline for each step of the process shall be the end of the month following the month in which the prior step is completed. If the date of any deadline falls on a weekend or holiday, the deadline shall be extended until 5 p.m. of the next business day.

SECTION 2. Section 1 shall be effective for elections held pursuant to Rule 1034 after November 14, 2007.